# RAJYA SABHA

*Tuesday, the 9th August* 1988|18th *Srayana,* 1910 *(Saka)*

The House met at eleven of the clock.
MR. Chairman in the Chair

## HOMAGE TO MARTYRS ON THE QUIT INDIA MOVEMENT ANNIVERSARY

MR. CHAIRMAN: Hon'ble Members, today is a day of remembrance. On the 9th of August, 1942. the Father of the Nation, Mahatma Gandhi, gave an ultimatum to the British to quit India. The Quit India Movement launched by Gan-dhiji culminated in our country becom-hg independent five years later. The nation responded to the call of Gandhi-ji and participated in the Movement with single-minded commitment and dedication. Thousands of our countrymen suffered and secrificed their lives. They died so that others may live and hve with dignity.

We pay our humble and respectful homage to all those martyrs who laid down their lives and underwent untold sufferings. We re-dedicate ourselves to the cause for which they made the supreme sacrifice and re-affirm our pledge ' to uphold the sovereignty, integrity and unity of our country and the economic and social well-being old our people in the best traditions of this Great Land.

I would request Members to rise in their places and observe silence as a mark of respect to the memory of martyrs and freedom fighters.

*(Hon, Memoers then stood in silence for one minute)*

## ORAL ANSWERS TO QUESTIONS

MR. CHAIRMAN; Question No. 181.

**Intere t charged on World Bank Loans**

*181. SHRI PRAMOD MAHAJAN: Will the Minister of FINANCE be pleased to state:

(a) what is the rate °f interest being charged by the World Bank in (i) IDA Credit IN-390 phase II amounting to 55 million US dollars; (ii) IDA Credit IN-845 phase II amounting to 176 million US dollars; and (iii) 196 million *US* dollars for the integrated water supply scheme and sewage scheme of Bombay Municipal Corporation;

(b) whether it is a fact that while the World Bank charges 0.75 percent interest per annum the Central Government charge from the Bombay Municipal Corporation, 6.75 per cent interest per annum on the first two loans and 8.75 per cent interest per annum on the third loan;

(c) if so, what are the reasons for charging such a heavy rate of interest by the Central Government when the World Bank is charging a nominal amount; and

(d) whether Government propose to revise their decision and charge the Corporation not more than the World Bank's rate?

THE MINISTER OF FINANCE (SHRI S. B. CHAVAN): (a) to (d) A statement is laid on the Table of the House.

Statement

The terms and conditions of external assistance to the Government of India vary depending on the source IDA credits are without any interest charge and carry only a service charge of 0.7 per cent with a repayment period of 35 years. IBRD loans carry a variable rate of interest revised every 6 months (7.59 per

cent per annum worn 1.7.1988) and a commitment charge of 0.75 per cent on undisbursed loans, with a repayment period of 20 years. Government of India have also contracted loans from other sources which carry higher rates of interst and lower maturity period

Government to India have a well defined arrangement for the transfer of liunda from the Centre to States. The .ex-ternal assistance received in respect of projects in the State sector are passed on to the respective States on uniform terms and conditions irrespective of the sources of external assistance. Under the existing guidelines, 70 per cent of the aid disbursed in respect of externally aided projects in the State sector is passed on to States as additional Central assistance. Of this 30 per cent is passed on to the States as outright grant even when foreign aid is in the form of loan. The balance 70 per cent is given to the States as loan at rates of interest prescribed from time to time (currently 9.75) per cent with a repayment period of 15 years. The exchange risks and commitment charges on all external assistance are borne by Government of India.

**श्री प्रमोद महाजन** : माननीय सभापति जी, कोई पूरक प्रश्न पूछने से पहले मैं, जिस प्रकार का उत्तर सरकार की ओर से दिया गया है, उसके संबंध में आपसे व्यवस्था चाहूंगा। मैंने जो प्रश्न पूछा था, वह बम्बई महानगर निगम को विदेशी सहायता किस प्रकार से दी जाती है, इस संबंध में विशेष रूप से पूछा था, जिसमें मैंने विदेशी सहायता के बारे में सारे अनुक्रमांक दिये थे, रकम दी थी, ब्याज के दर दिये थे और उस संबंध में सरकार की नीति चाही थी। "क", "ख" और "घ" में मैंने बम्बई महानगर निगम का उल्लेख किया था और आश्चर्य की बात यह है कि जिस प्रकार का उत्तर मुझे दिया गया है, उसमें कहीं भी बम्बई महानगर निगम का उल्लेख तक नहीं है। तो प्रश्न मैंने कुछ और पूछा था और उत्तर सरकार ने विदेशी सहायता राज्यों को वितरित करने वाली व्यवस्था का दिया है, जो कि मैंने पूछा ही नहीं था। तो मैं आपसे कोई पूरक प्रश्न पूछने से पहले व्यवस्था यह चाहूंगा कि जब तक मेरे प्रश्न का कोई उत्तर न दें, तब तक मैं पूरक प्रश्न किस प्रकार पूछ सकता हूं?

SHRI S. B. CHAVAN: Sir, this is a policy which in fact is applicable in the case of all the State Governments and other institutions which have been asking for external assistance. What holds good in the case of other States equally holds Sood in the case of Mararashtra also.

**श्री प्रमोद महाजन** : सभापति जी, मैंने जो आकड़े मांगे हैं, वे तो इसमें आते ही नहीं हैं। जो मैंने मांगा था, वह बम्बई नगर निगम पर लागू होगा, क्योंकि वह देश का हिस्सा है, मैं जानता हूं ... (**व्यवधान**) मैं सभापति जी से सवाल कर रहा हूं। सभापति जी, आप सवाल पढ़ें। सवाल के भाग "क" में देखिये। मैंने पूछा है, फलां-फलां ऋण पर किस प्रकार का ब्याज है। जो पूछा है, क्या उसी पर पूरक प्रश्न पूछें, जो मूल प्रश्न है, उसी पर? मूल प्रश्न पर उत्तर हो, तो कोई प्रश्न पूछें।

SHRI S. B. CHAVAN: Sir, in all IDA and IBRD cases it is a uniform policy which has been followed by the Government of India. In the case of IDA no rate of interest is being charged. It is only a service charge of 0.75 per cent, which was 0.5 per cent in the beginning which was, later on, 0.75 per cent. In the case of IBRD, a rate of interest has been charged. If the honourable Member wants to know about the rate of interest which is being charged, we can certainly give him in the shape of a supplementary.

**श्री प्रमोद महाजन** : आप प्रश्न देख लीजिये। अगर आपको ठीक लगता है, अगर वह ठीक है, तो फिर मैं आगे चलूं। आप प्रश्न देख लीजिये और उत्तर देख लीजिये। ए, बी, सी, डी में मैंने क्या पूछा है और उत्तर क्या दिया है।

मैंने सरकार की नीति नहीं पूछी है। मैंने बम्बई महानगर निगम के विशिष्ट कर्जों के बारे में सवाल पूछा है।

श्री सभापति : कर्जो के बारे में उन्होंने बताया कि सर्विसेज चार्ज ही चार्ज कर रहे हैं।

**श्री प्रमोद महाजन** : मैंने आंकड़े पूछे हैं। मैंने नम्बर्स दिये हैं। इसमें छिपाने की क्या बात है। अगर इस प्रकार के उत्तर दिये गये, तो पूरक प्रश्न कैसे पूछ सकते हैं?

**श्री सभापति** : वे महाराष्ट्र से पूरे वाकिफ हैं, बम्बई से भी वाकिफ हैं।

**श्री प्रमोद महाजन** : महाराष्ट्र का तो मैं बाद में पूछूंगा।

श्री सभापति : बम्बई महाराष्ट्र में है।

SHRI LAL K. ADVANI: This will set a precedent, Sir. It is a very valid point: If the main question has not been specifically replied to and, instead, a broad policy statement has been given, how can the be a supplemental Shri Mahajan's is a very spacific question—I have read the question—and there is no generality about it, whereas the answer does not deal with the specific question.

श्री सभापति : यह जो इन्होंने पूछा, कि 196 मिलियन बी. एम. सी. को मिला यह कौन सा क्रेडिट था, क्या आपसे चार्ज हुआ और क्या आप उनसे चार्ज कर रहे हैं हैं। यह आई.डी.ए. का था?

**श्री एस० बी० चव्हाण** : अगर उन्होंने हमसे पूछा है, तो हम उसका जबाव दे सकते हैं। यह यूनिफार्म पालिसी है। बम्बई म्यूनिसिपल कारपोरेशन की अलग पालिसी हो, और बाकी के लिये अलग पालिसी हो, यह बात नहीं है। आई.डी.ए. क्रेडिट जिसको दिया जाता है, वहां पर सिर्फ सर्विस चार्जेज लगाये जाते हैं। आई.बी.आर.डी. की तरफ से अगर लोन मिलता है या दोनों का मिक्स हो, तो उसके बारे में रेट आफ इंटरेक्ट कम ज्यादा होता है। उसके लिये आप अगर पूछना चाहते हैं, तो जरूर बताने के लिये तैयार हैं।

श्री सभापति : ये पूछ रहे हैं कि बी.एम.सी. को कौन सा मिला था?

**श्री एस० बी० चव्हाण** : दो लोन आई.डी.ए. क्रेडिट के हैं और एक लोन मिक्स है, आई.डी.ए., आई.बी.आर.डी।

**श्री प्रमोद महाजन** : उदाहरण के लिये देख लीजिये। मैंने पूछा है, क्या यह सच है कि विश्व बैंक ऋणों पर 0.75 प्रतिशत वार्षिक दर से ब्याज लगाता है, जबकि केन्द्रीय सरकार 6.75 प्रतिशत पर देती है। सरकार हां या ना कह दे। हां या ना, कुछ नहीं कहते हैं और वे फिर जनरल उत्तर देते जा रहे हैं। मैं मानता हूं कि बम्बई के लिये वही नियम है। मैंने बम्बई के बारे में पूछा है, आप उतना ही बता दीजिये। सारे राष्ट्र के बारे में मैंने पूछा ही नहीं था।

**श्री एस० बी० चव्हाण** : जो माननीय सदस्य कह रहे हैं, वह बात सच है कि आई.डी.ए. की तरफ से हमको जो लोन मिलता है और हम जो स्टेट गवर्नमेंटस या किसी और इन्स्टीट्यूशन को पास आन करते हैं, उसके ऊपर यूनिफार्म रेट आफ इन्टरेस्ट लगाया जाता है।

श्री प्रमोद महाजन : सभापति महोदय, मैं पूरक प्रश्न पूछ लूं। सभापति जी, इस प्रकार की सरकार की नीति से महाराष्ट्र में इस सातवीं पंचवर्षीय योजना के अन्तर्गत महाराष्ट्र का 248 करोड़ का घाटा हुआ है। महाराष्ट्र के तत्कालीन मुख्य मंत्री श्री शंकर राव चव्हान ने मार्च, 1988 में राष्ट्रीय विकास परिषद में भाषण देते समय बड़े आग्रह से कहा था कि केन्द्र को जितनी सहायता राज्य के नाम आती है, उतनी पूरी की पूरी देनी चाहिये और उन्हीं ब्याज दरों पर देनी चाहिये। उसके बाद जब योजना

आयोग में चर्चा हुई, तो योजना मंत्री के साथ बात करते समय तत्कालीन मुख्य मंत्री, महाराष्ट्र के माननीय शंकर राव जी चव्हाण, इन्होंने फिर से आग्रह किया कि इसी प्रकार इसको मान लें। मेरा पूरक सवाल यह है कि महाराष्ट्र के तत्कालीन मुख्य मंत्री माननीय शंकर राव चव्हाण, जो अब राष्ट्र के वित्त मंत्री हो चुके हैं, तो महाराष्ट्र की ओर से जो आग्रह उन्होंने किया था, अब उन्हें मान्य करने का अधिकार प्राप्त हो गया है, तो क्या वे महाराष्ट्र का उसको अधिकार लौटा देंगे।

**श्री सभापति** : तब महाराष्ट्र के मुख्य मंत्री के रूप में बोल रहे थे और अब वित्त मंत्री हैं।

SHRI S. B. CHAVAN; What I stated as a Chief Minister of Maharashtra and while replying as a Finance Minister of the Government of India, I have both the sides before me—what was the demand of the Maharashtra Government and how .'far it is justified if the totality of the picture is taken into account. The hon. Members will be able to appreciate the fact that it is a logical thing which we may have to take into consideration that though the IDA credit or the IBRD credit is being passed on to the Government of India, the contract is between the Government of India and the external agencies. It is a uniform rate of interest which is being charged...

SHRI DIPEN GHOSH: Why?

SHRI S. B. CHAVAN:...and all the risk of the changes which are brought about because of the fluctuation in the rates of convers on of one currency into other, they are all borne by the Government of India. Here I may point out that even if you take into consideration the State of Maharashtra case, you will find that there *is* a project for which almost Rs. 241 crores for irrigation was given. Now the irrigation project is costing Rs. 400 and odd crores. On the entire amount we are not charging anything from the Maharashtra Government. The entire responsibility is being taken by the Government of India. That is why this is the policy which is being followed and we are acting on behalf of the State Government and are taking away the entire risk for ourselves and having a uniform system followed so that not only the strong States, but even the weak States, are able to take full benefit of externally aided projects. This is a kind of extra additionality to the funds which are being passed on either by distribution or by the revised Gadgil formula.

**श्री प्रमोद महाजन** : सभापति जी, मेरा दूसरा पूरक प्रश्न यह है कि जिस प्रकार केन्द्र विदेशों से सहायता लाता है इसमें विनिमय दर में कोई बदल हो, शर्तों में कोई बदल हो, उसका पैसा लगा लें, यह तो हम समझ सकते हैं। लेकिन दो-ढाई प्रतिशत ब्याज से लाए हुए कर्जे पर केवल दलाली करने का, बिचौलियों का काम करने का चार्ज अगर चार परसेंट लगता है, तो मैं वित्त मंत्री जी से यह जानना चाहूंगा कि यह चार परसेंट चार्ज लगाना और जितना पैसा दिया जाता है, उसका तीस प्रतिशत रोक कर रखना, इन दोनों के कारण क्या हैं ? आप यह क्यों करते हैं ?

SHRI S. B. CHAVAN: If we have to follow the system which the hon. Member is now putting forth, it will mean only those States which have the resources will be able to take full advantage of all the externally aided projects; and in the case of weak States they will be left at the mercy of the circumstances, because they will not be able to raise the resources, which, in fact, have to he found for any externally aided project, as the rupee component counterpart has to be provided by the State Government concerned. If we do not follow the uniform policy in the case of all State Governments, it is only the weaker States who are bound to suffer. That is why the Government of India thought it fit that we must have a uniform policy of charging the rate of interest so that nobody suffers. Everybody gets the advantage of the externally aided projects.

SHR] PRAMOD MAHAJAN: So, they made you a strong Finance Minister or a weak Finance Minister?

SHRI A. G. KULKARNI: Sir, at the outset I ,am surprised that from a person as a representative of the Maharashtra Sir, to u person as representative of the Central Government, what a vast charge has taken place. Sir, be!for putting my question just see, Sir, it is the same Chief Minister v/ho fought with the Government of India wherein he has argued his case very nicely and suddenly he says it is not in the interest of Maharashtra, weak States and strong States. I don't think there is anything like weak States or strong Stales.

THE MINISTER OF HOME AFFAIRS (SHRI BUTA SINGH): Case of a plaintiff and Judge,

SHRI A. G. KULKARNI: The Finance Minister has said about weak States and strong States, I don't understand about this. There are some World Bank aided projects in some States. Bombay 'has a water project or Maharashtra has some projects. Even Orissa can have some projects. Assam can have some projects. You can tie up those projects with the World Bank. It is upto you. The argument weak States and strong States is a fallacious argument

He also said about exchange risk which is a loose word. What is the exchange risk? In the last 20 years dollar was strong but only recently in the last two or three years when dollar was weak, yen was strong, Swiss france was strong and DM was strong. So exchange risk even if it moves, it moves within a groove of 2-3 per cent.

He has also stated about the Gadgil formula. What is the Gadgil formula? It is 60 per cent, 10 per cent, 10 per cent etc. On that this devolution is made to the State Governments out of the foreign loans. So what is the justification that you are charging interest which the donor agency has not charged? You say "toe donor agency has not charged you." You say "it is uniform." So on what basis the States would get cheaper credit? You should have given to them at cheaper credit. As a Chief Minister, Mr. Chavan has said "The State Government is losing Rs. 248 crores." This was his statement during his discussion with the Planning Commission. His speech was well-studied in the National Development Council. These are the problems. He may not reply because I understand his difficulty. Sir, there is a saying in Marathi which means, mother-in-law has some health problem and her son-in-law is a doctor. ^ *t* ? %' TUFfr fl«F I For heaven's sake, Mr. Chavan, be bold. You have to give concession to all the States at cheaper rate of interest.

SHRI JAGESH DESAI: There is no bargain. They can pass it on at same rate of interest

श्री अरविन्द गणेश कुलकर्णी : यही मैं बोल रहा हूं । जगेश भाई आपके सपोर्ट से ही बोलता हूं ।

The Gadgil formula is not discriminatory against strong States. The provision in Gadgil formula is 10 per cent for special purpose and 10 Percent for backward-ness. I just checked it Up with my friend, Mr. Salve, that 20 per cent is for backwardness. 10 per cent is for special assistance and 10 per cent is for effort. Here is the Maharashtra Government which is making the effort and you 'nave made an effort and now you are putting cold water on those efforts and giving a weak reply.

SHRI S. B. CHAVAN: Sir, I can well appreciate the kind of question which the hon. Member has put. He is aware of the fact that assistance is being passed on to the State Governments, first under the grants unde;' articles 275 to 282. Then. this is a revised Gadgil formula under which 20 per cent is specially earmarked for all the States whose Per capita income happens to be below the average national pe,- capita income. That is the second. And the third is the additionality-

which is over and above block assistance for the State Plans. These are externally aided projects. Now the point will be, why it is that that the Government of Indut thinks it fit, having got this loan at 0.75 per cent or 5-1(2 per cent or 6-1 [2 per cent, whatever it may be, not to pass on the same to the State Governments. That is a logical question.

SHRI A. G. KULKARNI: Some kind of service charge you charge. You charge 1 per cent more.

SHRI S. B. CHAVAN: Have patience. i am trying to explain your point. First of all, we have to unde; stand that no State Government has the right to negotiate directly with any of the external agencies. If the State Governments were to be passed on the entire amount of the concessional finance which becomes available, there is going to be a conflict between one State and another State because if it is going to be 0.75 per cent IDA assistance or 5-l|2 per cent or 6 per cent from IBRD or some other external agency is probably to give you loan, whjch charges you 9-l|2 per cent or 10 per cent, then the question will arise which State will get this 0.75 per cent, which State will get 5-1/2 per cent, which State will get 10 per cent loan. In order to obviate all these difficulties we have evolved a uniform formula...

SHRI AG. KULKARNI; Why not average?

SHRI S. B. CHAVAN: ...by which whatever external aid that the Government of India gets, is being passes on to all the State Governments. That was the exercise which was undertaken. I must say that if you go through the figures of the external assistance which was passed on to the State Governments, you will find right from Andhra Pradesh to West Bengal every State has been done full justice and there has been no discrimination whatever,

SHRI A. G. KULKARNI: What is wrong in averaging the rate of interests?

DR. YELAMANCHILI SIVAJI: In view of the wide disparity between the interest they pay to the international organisations and the interest they collect from the State Governments and the revised system that the Union Government is adopting to retain some portion instead of passing on the same to the State Governments, is there any proposal to review afresh the entire situation in the National Development Council?

SHRI S. B. CHAVAN: Sir, Government of India is convinced that there is no inequity, there is no injustice. In fact, no external aid is meant for any particular State. It comes to Government of India, and Government of India in its wisdom takes a decision on which project from which State needs to be externally assisted. So, there is no question of any injustice. That is why, so long as we are convinced that there is no inequity, injustice, there is, I don't think any scope for revision of this policy.

MR. CHAIRMAN: Mr. Bir Bhadra Pratap Singh.

SHRI BIR BHADRA PRATAP SINGH: My question has been just replied. This was the specific question.

MR. CHAIRMAN: you have got the reply. Good.

SHRIMATI KANAK MUKHERIEE: Sir, the question here is very simple. The World Bank is charging .75 per cent, but the Central Government is charging from the Bombay Municipal Corporation 6.75 and 8.75 per cent. The hon. Minister has not shown any satisfactory reason for this. We are the same sufferers in West Bengal. For the thermal power plant the Soviet Union is giving 70 per cent as loan. But the Central Government is giving us 70 per cent of the 70 per cent. This is regarding, the money. The Soviet Union is charging 4.5 per cent interest. But the Central Government is charging 9.25 per cent from the State. This is a very big agency commission. I do not know what the actnal reason is. Will the hon. Minister satisfy us?

SHRI S. B. CHAVAN: I think, it is a totally wrong notion which the hon. Members have that this was the earmarked amount for a particular project in a particular State, which is not a fact. Actually, the whole thing is taken into account and which project needs to be assisted, which project has to be expedited, is a matter on which the Government of India takes the decision and thereafter, a uniform policy is being followed. I do not Chink that we have made any discrimination between West Bengal and the other States... *(Interruptions)...*

SHRI JAGESH DESAI: Mr. Chairman, Sir, as regards the help to the different States, I agree with the hon. Finance Minister. But what I want from the hon. Minister is that at present, you are charging 9.75 per cent of interest on all the loans which are transferred to the States, then, what is the total amount of interest paid by the Government for the foreign loins taken for projects and what is the interest received from the States and whether the Government is retaining any interest for themselves or they are passing on all the benefits to the State Governments? I want a clear reply from the Minister.

SHRI S. B. CHAVAN: Actually in the beginning, after 1974, the benefit which was passed on to the State Governments in respect of the externally aided projects was between 15 per cent and 25 per cent. Now, the revised formula is, we are passing on almost 70 per cent of the external aid that we get... *(Interruption)..* .

SHRI JAGESH DESAI; I am not talking of the quantum of assistance required but I am talking about the interest charged to the State Governments and the interest which the Central Gov-ment "has to pay for external assistance.

SHR S. B. CHAVAN : I think, if the hon. Member was attentive I have replied this question just a little while ago that in the case of IDA and other external agenda which have given assistance to the Government of India, we take almost a uniform policy of what is the rate of interest which should be charged and the reasons thereof since a number of factors are responsible for which we cannot hold the State Governments responsible. If there is depreciation in the value of the rupee due to which the cost increases, in some cases, the cost of the project has increased beyond 100 per cent, I do not think, that we have charged even a single pio more than what was contemplated at the time of signing of the agreement from the State Governments and that is why, the entire thing, which in fact, is an escalation in cost conversion of the currency and all other risks which are being involved, the entire responsibility is taken over by the Government of India and that is why. this kind of a difference has to be there in order to absorb whatever changes are brought about after the agreement has been signed.

*182. *[The questioner (Shri Murlidhar Chandrakant Bhandare) was absent. For* answer vide *col.* 29 infra.]

**Traffic Problems in Delhi**

*183. SHRI BHAGATRAM MANHAR:T
SHRI BIR BHADRA PRATAP SINGH;

Will the Minister of HOME AFFAIRS be pleased to state :

(a) whether it is a fact that Delhi is facing a serious traffic problem and if so, what measures are being adopted by Government to solve this problem;

(b) whether Government propose to evolve an integrated parking policy for the Capital as a whole rather than leaving it to the dis-jointed efforts being made at present by the various official agencie* including traffic police, civic bodies and the DDA; and

(c) whether it is a fact that several companies have been received against the New Delhi Municipal Committee for its collusion with builders/traders in allowing

fThe question was actually asked on the floor of the House by Shri Bhagatram Manhar.